

Message Text

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C O N F I D E N T I A L LONDON 11036

LIMDIS

E.O. 11652: XGDS-1

TAGS: ENRG, OECD

SUBJECT: ESSO EUROPE PROPOSAL TO USE OECD HIGH LEVEL
GROUP FOR IMPROVING OIL INDUSTRY-CONSUMER GOVERNMENT
COMMUNICATION/CONSULTATION

REFS: OECD PARIS 24235; STATE 175845; OECD PARIS
23441; OECD PARIS 23328

BEGIN SUMMARY. ESSO EUROPE IS INCREASINGLY CONCERNED
ABOUT INADEQUACY OF COMMUNICATION AND CONSULTATION
PROCEDURES AVAILABLE TO OIL COMPANIES AND CONSUMER
GOVERNMENTS, PARTICULARLY DURING PERIODS WHEN IMPORTANT
NEGOTIATIONS WITH PRODUCER STATES ARE TAKING PLACE.
EXXON IN NY IS NOW CONSIDERING PUTTING BEFORE INDUSTRY
GROUP ESSO EUROPE PROPOSAL TO MAKE GREATER USE OF OECD
HIGH LEVEL GROUP MACHINERY TO IMPROVE SITUATION. END
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SUMMARY.

1. ESSO EUROPE REPRESENTATIVES (KAUFFMAN, MANAGING DIRECTOR, AND MCCOY, GOVERNMENT RELATIONS) TELL US THEY HAVE REACHED CONCLUSION (INDEPENDENTLY OF RECENT SHELL INITIATIVE FOR INDUSTRY REPS TO BRIEF HIGH LEVEL GROUP ON LIBYA) THAT PROCESS OF BILATERAL COMMUNICATION AND CONSULTATION AMONG OIL COMPANIES AND MAJOR CONSUMER COUNTRIES SHOULD BE IMPROVED ON AT MULTILATERAL LEVEL. PROCEDURES OF INFORMATION GROUP OF LONDON POLICY GROUP HAVE PROVED TOO SLOW AND CUMBERSOME TO MEET FAST-BREAKING NEGOTIATING SITUATIONS, PROOF OF WHICH IS BILATERAL INDUSTRY BRIEFINGS TO CONSUMERS OFTEN ARE GIVEN THREE OR FOUR DAYS AFTER BASIC FACTUAL REPORT APPEARS IN PRESS. THEY ACKNOWLEDGE HOWEVER AD HOC APPROACH HAS WORKED A LITTLE BETTER IN LATEST LIBYAN SITUATION, ALTHOUGH NUANCES GIVEN BY COMPANIES IN THEIR BRIEFINGS OF DIFFERENT COUNTRIES VARY. ONE-UPMANSHIP AMONG COMPANIES WANTING TO BE FIRST TO BRIEF AND GOVERNMENTS WANTING TO BE BRIEFED FIRST HAS CREATED UNNECESSARY FRICTION. (ON OTHER HAND, ITALIANS, FOR EXAMPLE, SOMETIMES PREFER NOT TO BE BRIEFED AT ALL IN ORDER TO MAXIMIZE THEIR FREEDOM OF INDEPENDENT ACTION.) SIMILARLY, ESSO REPS BELIEVE PROMINENT ROLE PLAYED BY USG, AND TO LESSER EXTENT HMG, IN OIL COMMITTEE AND HLG IN BRIEFING OTHER MEMBERS ON FACTUAL SITUATION HAS INDUCED SOME SUSPICION AND RESENTMENT OF VISIBLE SPECIAL RELATIONSHIP OF USG, AND HMG, WITH COMPANIES.

2. ESSO IDEA IS TO USE HLG APPARATUS FOR IMPROVING INDUSTRY-GOVERNMENT COMMUNICATION AND/OR CONSULTATIVE PROCESS. REGARDING INFORMATION, INDUSTRY GROUP REPRESENTATIVE WOULD PROVIDE FREQUENT, FACTUAL REPORT ON STATUS OF CURRENT NEGOTIATIONS TO HLG CHAIRMAN WANSINK OR REINFRANK OF OECD SECRETARIAT WHO WOULD CABLE INFORMATION AS APPROPRIATE TO HLG MEMBERS. SHOULD HLG CHAIRMAN OR MEMBERS REQUEST CONSULTATION, INDUSTRY GROUP WOULD DESIGNATE REPRESENTATIVE TO MEET WITH HLG MEMBERS WHO WOULD HAVE OPPORTUNITY TO MAKE THEIR VIEWS KNOWN IN ADVANCE AND THUS INFLUENCE COURSE OF NEGOTIATIONS. IT WAS MADE QUITE CLEAR THAT FROM

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IMPROVED COMMUNICATION AND INCREASED CONSULTATION PROCESS ESSO HOPED TO OBTAIN A MORE UNDERSTANDING ATTITUDE AND GREATER ACCEPTANCE BY CONSUMER COUNTRIES OF RESULTS OF INDUSTRY NEGOTIATIONS WITH PRODUCER STATES.

3. KAUFFMAN APPEARED SYMPATHETIC TO VIEW EXPRESSED BY ENERGY ATTACHE THAT ANY ATTEMPT TO OVERLOAD HLG CIRCUIT, PARTICULARLY SHOULD INDUSTRY PRESS FOR

CONSUMER GOVERNMENT BACKING OF INDUSTRY NEGOTIATING
POSITIONS, COULD FRIGHTEN MORE SKITTISH HLG MEMBERS SUCH
AS JAPANESE AND ITALIANS AND JEOPARDIZE HLG'S
EFFECTIVENESS.

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